

104TH CONGRESS  
1ST SESSION

# H. R. 1477

To merge the Bank Insurance Fund and the Savings Association Insurance Fund, to improve funding for the Financing Corporation, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 1995

Mr. LAFALCE introduced the following bill; which was referred to the  
Committee on Banking and Financial Services

---

## A BILL

To merge the Bank Insurance Fund and the Savings Association Insurance Fund, to improve funding for the Financing Corporation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Deposit Insurance  
5 Fund Merger Act of 1995”.

6 **SEC. 2. MERGER OF FDIC INSURANCE FUNDS.**

7 (a) IN GENERAL.—Section 11(a) of the Federal De-  
8 posit Insurance Act (12 U.S.C. 1821(a)) is amended—

1           (1) by striking paragraphs (5) and (6) and in-  
2       serting the following new paragraph:

3           “(5) DEPOSIT INSURANCE FUND.—

4               “(A) ESTABLISHMENT.—There is hereby  
5       established a fund to be known as the deposit  
6       insurance fund.

7               “(B) TRANSFER TO FUND.—On the date  
8       of the enactment of the Deposit Insurance  
9       Fund Merger Act of 1995, the Bank Insurance  
10      Fund and the Savings Association Insurance  
11      Fund shall be abolished and all assets and li-  
12      abilities of each such fund shall be transferred  
13      to the deposit insurance fund.

14              “(C) USES.—The deposit insurance fund  
15      shall be available to the Corporation for use  
16      with respect to insured depository institutions.

17              “(D) DEPOSITS.—All amounts assessed  
18      against insured depository institutions under  
19      this Act shall be deposited in the deposit insur-  
20      ance fund.

21           “(6) ACCOUNTING REQUIREMENTS.—

22               “(A) ACCOUNTING FOR USE OF FACILITIES  
23      AND RESOURCES.—The Corporation shall keep  
24      a full and complete accounting of all costs and  
25      expenses associated with the use of any facility

1 or resource used in the course of conducting su-  
2 pervisory, regulatory, conservatorship, receiver-  
3 ship, or liquidation functions with respect to in-  
4 sured depository institutions.

5 “(B) ACCOUNTING FOR HOLDING AND  
6 MANAGING ASSETS AND LIABILITIES.—The Cor-  
7 poration shall keep a full and complete account-  
8 ing of all costs and expenses associated with the  
9 holding and management of any asset or liabil-  
10 ity belonging to insured depository institutions  
11 in conservatorship or receivership.

12 “(C) ACCOUNTING FOR DISPOSITION OF  
13 ASSETS AND LIABILITIES.—The Corporation  
14 shall keep a full and complete accounting of all  
15 expenses and receipts associated with the dis-  
16 position of any asset or liability belonging to in-  
17 sured depository institutions in conservatorship  
18 or receivership.”;

19 (2) by striking subparagraph (A) of paragraph  
20 (4); and

21 (3) by striking paragraph (7) and redesignating  
22 paragraph (8) as paragraph (7).

23 (b) ASSESSMENTS OF FORMER BIF MEMBERS  
24 CAPPED AT RATES APPLICABLE BEFORE MERGER OF  
25 FUNDS.—Section 7(b)(2) of the Federal Deposit Insur-

1   ance Act (12 U.S.C. 1817(b)(2)) is amended by inserting  
2   after subparagraph (G) the following new subparagraphs:

3                   “(H) REDUCED ASSESSMENT RATES CON-  
4                   TINUE TO APPLY TO FORMER BIF MEMBERS.—

5                   Until the deposit insurance fund first meets or  
6                   exceeds the designated reserve ratio, the aver-  
7                   age assessment rates applicable under the risk-  
8                   based assessment system for any semiannual  
9                   period with respect to insured depository insti-  
10                  tutions which were Bank Insurance Fund mem-  
11                  bers on the day before the date of the enact-  
12                  ment of the Deposit Insurance Fund Merger  
13                  Act of 1995 shall not exceed the greater of—

14                   “(i) the average of the assessment  
15                   rates which would be applicable to such in-  
16                   stitutions under this section for any semi-  
17                   annual period if the amendments made by  
18                   such Act had not been enacted; or

19                   “(ii) 6 basis points.

20                   “(I) SCHEDULE FOR MEETING DES-  
21                   IGNATED RESERVE RATIO.—Notwithstanding  
22                   paragraph (3), upon the enactment of the De-  
23                   posit Insurance Fund Merger Act of 1995, the  
24                   Corporation shall prescribe a schedule in the  
25                   manner provided in paragraph (3)(B) which

1 culminates in a reserve ratio that is equal to or  
2 greater than the designated reserve ratio not  
3 later than 5 years after the date of the enact-  
4 ment of such Act.”.

5 (c) REPEAL OF CONVERSION MORATORIUM, EXIT  
6 FEE, AND “OAKAR BANK” PROVISIONS.—Section 5(d) of  
7 the Federal Deposit Insurance Act (12 U.S.C. 1815(d))  
8 is amended by striking paragraphs (2) and (3).

9 (d) TECHNICAL AND CONFORMING AMENDMENTS.—  
10 (1) Section 5(d)(1) of the Federal Deposit In-  
11 surance Act (12 U.S.C. 1815(d)(1)) is amended by  
12 striking “Bank Insurance Fund and the Savings As-  
13 sociation Insurance Fund” and inserting “deposit  
14 insurance fund”.

15 (2) Section 7(b) of the Federal Deposit Insur-  
16 ance Act (12 U.S.C. 1817(b)) is amended—

17 (A) in paragraph (1)(D), by striking  
18 “each” and inserting “the”;

19 (B) in paragraph (2)(A)(i)(I), by striking  
20 “each” and inserting “the”;

21 (C) in paragraph (2)(A)(iii), by striking “a  
22 deposit” and inserting “the deposit”;

23 (D) in paragraph (2)(A)(iv), by striking  
24 “each” and inserting “the”;

1 (E) by striking subparagraph (B) of para-  
2 graph (2);

3 (F) in paragraph (2)(C), by striking  
4 “each” and inserting “the”;

5 (G) by striking subparagraphs (E) and (F)  
6 of paragraph (2);

7 (H) in paragraph (2)(G), by striking “a  
8 deposit” and inserting “the deposit”;

9 (I) in paragraph (3)(A), by striking “any  
10 deposit” and inserting “the deposit”;

11 (J) by striking subparagraphs (C) and (D)  
12 of paragraph (3);

13 (K) in paragraph (6)(A)(ii), by striking  
14 “Bank Insurance Fund members” and inserting  
15 “insured depository institutions”; and

16 (L) by striking subparagraph (B) of para-  
17 graph (6).

18 (3) Section 7 of the Federal Deposit Insurance  
19 Act (12 U.S.C. 1817) is amended by striking sub-  
20 section (l).

21 (4) Section 11(f)(1) of the Federal Deposit In-  
22 surance Act (12 U.S.C. 1821(f)(1)) is amended by  
23 striking “, except that—” and all that follows  
24 through the period at the end and inserting a period.

1           (5) Section 11(i)(3) of the Federal Deposit In-  
2           surance Act (12 U.S.C. 1821(i)(3)) is amended by  
3           striking subparagraph (B) and by redesignating sub-  
4           paragraph (C) as subparagraph (B).

5           (6) Section 11A(a) of the Federal Deposit In-  
6           surance Act (12 U.S.C. 1821A(a)) is amended—

7                   (A) in paragraph (2)(B), by striking “Sav-  
8                   ings Association Insurance Fund” and inserting  
9                   “deposit insurance fund”; and

10                   (B) in paragraph (3), by striking “Bank  
11                   Insurance Fund, the Savings Association Insur-  
12                   ance Fund,” and inserting “deposit insurance  
13                   fund”.

14           (7) Section 13 of the Federal Deposit Insurance  
15           Act (12 U.S.C. 1823) is amended—

16                   (A) in subsection (a)(1) by striking “Bank  
17                   Insurance Fund, Savings Association Insurance  
18                   Fund,” and inserting “deposit insurance fund”;

19                   (B) by striking paragraph (11) of sub-  
20                   section (c);

21                   (C) in subsection (k)(4)(B)(ii), by striking  
22                   “Savings Association Insurance Fund member”  
23                   and inserting “savings association”; and

1 (D) in subsection (k)(5)(A), by striking  
2 “Savings Association Insurance Fund mem-  
3 bers” and inserting “savings associations”.

4 (8) Section 14 of the Federal Deposit Insurance  
5 Act (12 U.S.C. 1824) is amended—

6 (A) in subsection (a), by striking “Bank  
7 Insurance Fund or the Savings Association In-  
8 surance Fund” and inserting “deposit insur-  
9 ance fund”;

10 (B) in subsection (a), by striking “Bank  
11 Insurance Fund or Savings Association Insur-  
12 ance Fund” and inserting “deposit insurance  
13 fund”;

14 (C) in subsection (c), by striking para-  
15 graph (3); and

16 (D) in subsection (d)—

17 (i) by striking “Bank Insurance Fund  
18 members” each place such term appears  
19 and inserting “insured depository institu-  
20 tions”;

21 (ii) by striking “Bank Insurance  
22 Fund member” each place such term ap-  
23 pears and inserting “insured depository in-  
24 stitution”; and



1 (iii) by striking “Bank Insurance  
2 Fund” each place such term appears  
3 (other than in connection with a term re-  
4 ferred to in clause (i) or (ii)) and inserting  
5 “deposit insurance fund”.

6 (9) Section 15(c)(5) of the Federal Deposit In-  
7 surance Act (12 U.S.C. 1825(c)(5)) is amended—

8 (A) by striking “Bank Insurance Fund or  
9 Savings Association Insurance Fund, respec-  
10 tively,” each place such term appears and in-  
11 serting “deposit insurance fund”; and

12 (B) by striking “Bank Insurance Fund or  
13 the Savings Association Insurance Fund, re-  
14 spectively,” each place such term appears and  
15 inserting “deposit insurance fund”.

16 (10) Section 17 of the Federal Deposit Insur-  
17 ance Act (12 U.S.C. 1827) is amended by striking  
18 “Bank Insurance Fund, Savings Association Insur-  
19 ance Fund,” each place such term appears and in-  
20 serting “deposit insurance fund”.

21 (11) Section 18(m)(3) of the Federal Deposit  
22 Insurance Act (12 U.S.C. 1828(m)(3)) is amend-  
23 ed—

24 (A) in subparagraph (A)—

1 (i) by inserting “of an insured savings  
2 association or a subsidiary of any such as-  
3 sociation” after “specific activity”;

4 (ii) by striking “Savings Association  
5 Insurance Fund.” and inserting “deposit  
6 insurance fund.”; and

7 (iii) by striking “that Savings Asso-  
8 ciation Insurance Fund member” and in-  
9 serting “such savings association”; and

10 (B) in subparagraph (C), by striking “Sav-  
11 ings Association Insurance Fund or the Bank  
12 Insurance Fund” and inserting “deposit insur-  
13 ance fund”.

14 (12) Section 31 of the Federal Deposit Insur-  
15 ance Act (12 U.S.C. 1831h) is amended—

16 (A) in subsection (a), by striking “Insur-  
17 ance Fund”; and

18 (B) in subsection (b)(2), by striking “Sav-  
19 ings Association Insurance Fund members” and  
20 inserting “savings associations”.

21 (13) Section 38(o)(1)(B) of the Federal Deposit  
22 Insurance Act (12 U.S.C. 1831o(o)(1)(B)) is amend-  
23 ed by striking “Savings Association Insurance  
24 Fund” and inserting “deposit insurance fund”.

1 **SEC. 3. FICO PAYMENTS BY ALL FDIC-INSURED DEPOSI-**  
2 **TORY INSTITUTIONS.**

3 Section 21(f)(2) of the Federal Home Loan Bank Act  
4 (12 U.S.C. 1441(f)(2)) is amended—

5 (1) in the portion of such paragraph preceding  
6 subparagraph (A)—

7 (A) by striking “each Savings Association  
8 Insurance Fund member” and inserting “each  
9 insured depository institution (as defined in sec-  
10 tion 3(c)(2) of the Federal Deposit Insurance  
11 Act); and

12 (B) by striking “such member” and insert-  
13 ing “such institution”; and

14 (2) in subparagraph (A), by striking “Savings  
15 Association Insurance Fund members” and inserting  
16 “insured depository institutions”.

17 **SEC. 4. 1-TIME SPECIAL SAIF CAPITALIZATION ASSESS-**  
18 **MENT.**

19 Section 7(b) of the Federal Deposit Insurance Act  
20 (12 U.S.C. 1817(b)) is amended by inserting after para-  
21 graph (7) the following new paragraph:

22 “(8) SPECIAL 1-TIME ASSESSMENT TO RECAPI-  
23 TALIZE SAIF.—

24 “(A) IN GENERAL.—The Corporation may,  
25 in the discretion of the Board of Directors, im-  
26 pose a special assessment on—

1           “(i) each insured depository institu-  
2           tion which, as of January 1, 1995, or at  
3           any time after such date, was a Savings  
4           Association Insurance Fund member under  
5           the Federal Deposit Insurance Act (as in  
6           effect on the day before the date of the en-  
7           actment of the Deposit Insurance Fund  
8           Merger Act of 1995); and

9           “(ii) any other insured depository in-  
10          stitution which acquires (as defined in sec-  
11          tion 13(f)(8)(B) of the Federal Deposit In-  
12          surance Act) such insured depository insti-  
13          tution or is otherwise a successor in inter-  
14          est to such institution,

15          in an amount not greater than 0.40 percent of  
16          the assessment base, as of January 1, 1995, on  
17          which assessments are imposed under the risk-  
18          based assessment system established pursuant  
19          to paragraph (1).

20          “(B) DEPOSIT OF ASSESSMENT IN SAIF.—  
21          The proceeds of any assessment imposed under  
22          subparagraph (A) shall be deposited in the Sav-  
23          ings Association Insurance Fund.

24          “(C) IMPOSITION OVER PERIOD OF  
25          YEARS.—The assessment authorized under sub-

1 paragraph (A) may be imposed incrementally  
2 over such period of years as the Board of Di-  
3 rectors may determine to be appropriate, except  
4 the larger percentage of any such incremental  
5 assessment shall be allocated to the first year of  
6 the effective period for such assessment.

7 “(D) ABATEMENT FOR TROUBLED INSTI-  
8 TUTIONS.—The Board of Directors may abate  
9 any portion of any assessment under this para-  
10 graph in the case of any undercapitalized insti-  
11 tution or any institution which would become  
12 undercapitalized as a result of the imposition of  
13 such assessment.”.

○